

Message Text

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INFO AMEMBASSY BONN

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AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

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C O N F I D E N T I A L LONDON 4009

E.O. 11652: XGDS-1

TAGS: PFOR EFIN EGEN ETRD EAGR EEC UK

SUBJECT: EC DUBLIN SUMMIT: FCO COMMENTS

1. SUMMARY: SENIOR FCO OFFICIAL IN CHARGE OF EC AFFAIRS IS VERY PLEASED BY SUCCESSFUL CONCLUSION OF BRITISH RE-NEGOTIATION OF TERMS OF MEMBERSHIP IN EUROPEAN COMMUNITY AND IS CONFIDENT THAT SUPPORT FOR RENEGOTIATED TERMS BY PM, GROWING PUBLIC SENTIMENT IN FAVOR OF CONTINUED MEMBERSHIP, AND LOW KEY GOVERNMENT INFORMATION PROGRAM WILL RESULT IN FAVORABLE DECISION IN REFERENDUM. END SUMMARY.

2. OLIVER WRIGHT, DEPUTY UNDER SECRETARY FOREIGN AND COMMONWEALTH OFFICE, WHO IS IN CHARGE OF EC AFFAIRS, IS CONFIDENTIAL

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VERY PLEASED BY SUCCESSFUL OUTCOME OF BRITIAN'S EFFORTS

TO RENEGOTIATE TERMS OF MEMBERSHIP IN EUROPEAN COMMUNITY. AT LUNCH WITH ECON/COM MIN MARCH 13, WRIGHT REVIEWED HISTORY OF BRITISH RENEGOTIATION, BEGINNING WITH FONSEC CALLAGHAN'S STATEMENT OF APRIL 1, 1974 TO EC COUNCIL. SINCE THEN RENEGOTIATION PROCEEDED VERY MUCH ACCORDING TO THE STRATEGY WORKED OUT BY THE INTER-AGENCY TASK FORCE CHAIRED BY CABINET OFFICE (NAIRNE). DISAGREEMENTS AMONG DIFFERENT AGENCIES REPRESENTED HAD BEEN REMARKABLY FEW, FAR FEWER THAN IS CUSTOMARY IN SUCH GROUPS. MUCH OF CREDIT FOR HARMONIOUS WORK OF GROUP WAS RESULT OF FCO SUCCESS IN MASTERING SUBJECTS WHICH ARE PRIMARILY CONCERN OF DOMESTIC AGENCIES. AT SAME TIME, REPRESENTATIVES OF DOMESTIC AGENCIES HAD DISPLAYED UNUSUAL DEGREE OF KNOWLEDGE AND SKILL IN DEALING WITH COMPLEX AND DIFFICULT EUROPEAN ISSUES. ONLY NOTABLE EXCEPTIONS TO THIS GENERAL OBSERVATION WERE OCCASIONAL EFFORTS BY DEPT OF INDUSTRY (UNDER BENN) TO SECURE MORE THAN WAS POSSIBLE. FOR INSTANCE, IT WAS PARLY TO ACCOMMODATE BENN THAT CALLAGHAN FELT OBLIGED TO EMPHASIZED THAT BRITISH WOULD RAISE RESTRICTIONS, IMPOSED BY PARIS (COAL AND STEEL COMMUNITY) TREATY ON GOVERNMENT'S POWER TO REGULATE INVESTMENT IN PRIVATE STEEL SECTOR, AFTER REFERENDUM RESULTS KNOWN.

3. DUBLIN SUMMIT BROUGHT BRITISH EFFORTS TO NEGOTIATE TERMS OF MEMBERSHIP TO SUCCESSFUL CONCLUSION. LAST FEW DAYS NOT WITHOUT MOMENTS OF UNCERTAINTY. BRITISH HAD HOPED, BUT NOT EXPECTED, TO GET AGREEMENT ON BUDGET FORMULA AT COUNCIL OF MINISTERS MEETING MARCH 3, AND 4, LEAVING ONLY NEW ZEALAND ISSUE TO BE SETTLED AT SUMMIT. WHEN RESOLUTION BUDGET ISSUE POSTPONED TO SUMMIT, BRITISH FEARED SCHMIDT WOULD ANNOUNCE ABSOLUTE LIMIT ON FRG CONTRIBUTION, AND LEAVE IT TO OTHERS TO ALLIGH BUDGETARY "PRINCIPLES" ON THIS FIGURE. A LAST MINUTE MESSAGE FROM WILSON TO SCHMIDT, DELIVERED MARCH 6, AVERTED THIS POSSIBILITY. AT SESSION ITSELF, FRENCH SOUGHT TO SUBSTITUTE FOR COMMISSION'S PROPOSALS A COMPLEX FORMULA WHICH WOULD HAVE PROVIDED FOR PROGRESSIVELY SMALLER REFUNDS AS SIZE OF CONTRIBUTION INCREASED. FRENCH PROPOSAL WAS TURNED OVER TO GROUP OF OFFICIALS WHO WORKED FOR FIVE FEVERISH HOURS BEFORE IT BECAME CLEAR PROPOSAL WAS UNWORKABLE. AT

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END OF MEETING BRITISH FELT THEY HAD SUCCESSFULLY REPLUSED FRENCH AND GERMAN EFFORTS TO ALTER BUDGET FORMULA, AND SECURED THEI OBJECTIVES IN THIS, THE SINGLE MOST IMPORTANT AND POLITICALLY SENSITIVE RENEGOTIATION DEMAND.

4. WRIGHT IS CONFIDENT ABOUT RESULTS OF REFERENDUM. HE UAYS THE TIDE OF PUBLIC OPINION BEGAN TO RUN IN FAVOR OF CONTINUED MEMBERSHIP AT THE TIME OF SCHMIDT'S VISIT TO

LONDON IN DECEMBER. HE FEELS THE CURRENT WILL IF ANYTHING STRENGTHEN IN FAVOR OF CONTINUED MEMBERSHIP AS THE REFERENDUM APPROACHES. THE PRIME MINISTER WILL "OF COURSE" RECOMMEND A FAVORABLE VOTE AND THIS WILL INFLUENCE MANY WHO AT PRESENT HONESTLY "DON'T KNOW" TO VOTE FOR CONTINUED MEMBERSHIP. ASKED IF WILSON HAD GIVEN SPECIFIC ASSURANCES TO HIS OPPOSITE NUMBERS IN DUBLIN THAT HE WOULD PUBLICLY ENDORSE CONTINUED MEMBERSHIP, WRIGHT SAID HE DID NOT KNOW; THIS SUBJECT WOULD HAVE ARISEN IN A MEETING WITH NO OFFICIALS PRESENT. HOWEVER, JUDGING BY THEIR ATTITUDE, WRIGHT IS SURE THEY ARE SATISFIED THAT WILSON WILL STAND BY THE TERMS HE HAS WON.

5. WRIGHT THINKS THE GOVERNMENT WILL RUN A QUIET CAMPAIGN IN FAVOR OF CONTINUED MEMBERSHIP. IT BELIEVES THE TREND IS IN FAVOR OF CONTINUED MEMBERSHIP AND BELIEVES THAT OVERSELLING THE RENEGOTIATION RESULTS MIGHT LEAD TO LOSS OF VOTES IF THE ELECTORATE BEGAN TO FEEL GOVERNMENT HAD NOT IN FACT ACHIEVED ITS OBJECTIVES. QUIET CAMPAIGN WOULD ALSO PROVIDE ANTI-MARKETEERS WITH SMALLER TARGET TO SHOOT AT AND MAY SERVE TO REDUCE THE STRIDENCY OF THEIR CLAIMS. NEVERTHELESS, THE GOVERNMENT WILL MAKE EFFORT TO INFORM PUBLIC. FOR INSTANCE, A TEMPORARY "REFERENDUM OFFICE" IS BEING ESTABLISHED IN FCO STAFFED BY KNOWLEDGEABLE FSO'S TO PROVIDE FACTS, SPEAKERS, ETC. AS REQUIRED. RICHARDSON

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